

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

June 27, 2011

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, and Foreign Bank Offices
in the Twelfth Federal Reserve District

Annual Adjustment of Fee-Based Trigger for Additional Mortgage Loan Disclosures

The Federal Reserve Board on June 13, 2011 published its annual adjustment to the amount of fees that triggers additional disclosure requirements under the Truth in Lending Act and the Home Ownership and Equity Protection Act of 1994 for home mortgage loans that bear rates or fees above a certain amount.

The dollar amount of the fee-based trigger has been adjusted to \$611 for 2012 based on the annual percentage change reflected in the consumer price index that was in effect as of June 1, 2011.

The adjustment is required by statute and is effective January 1, 2012. The adjustment does not affect the rules for "higher-priced mortgage loans" adopted by the Board in July 2008. Coverage of mortgage loans under the July 2008 rules is determined using a different rate-based trigger.

The Home Ownership and Equity Protection Act restricts credit terms such as balloon payments and requires additional disclosures when total points and fees payable by the consumer exceed the fee-based trigger or 8 percent of the total loan amount, whichever is larger.

The notice that will be published in the *Federal Register* is attached.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact:

Federal Reserve Bank of San Francisco
Banking Supervision and Regulation
(801) 322-7853

Attachment: [Regulation Z \(96 KB PDF\)](#)